

ASSEMBLY BILL

No. 2709

Introduced by Assembly Member Blumenfield

February 19, 2010

An act to amend Sections 50952, 50953, 51050, 51051, 51055, 51059, and 51065 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2709, as introduced, Blumenfield. California Housing Finance Agency: federal loan guarantee.

Existing law establishes the California Housing Finance Agency which has the primary purpose of meeting the housing needs of persons and families of low or moderate income and authorizes the agency to make grants to housing sponsors for this purpose. The agency is required to seek to attain, among other things, the objective of full utilization of federal subsidy assistance for the benefit of person and families of low or moderate income. Existing law requires the agency to be a state representative for purposes of receiving and allocating financial aid and contributions from agencies of the federal government which are provided to the state or to the agency for the purpose of subsidizing housing for persons and families of low or moderate income.

This bill would authorize the agency to utilize federal subsidies available to it to issue loan guarantees provided by the United States Department of Housing and Urban Development. The bill would authorize the agency to make loan guarantees, in addition to grants, to nonprofit housing sponsors and local public entities, as specified. The bill would require the loan guarantee assistance provided by the department be allocated by and in conjunction with the award of a tax credit for low-income rental housing by the California Tax Credit

Allocation Committee. The bill would make other conforming changes to existing law.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 50952 of the Health and Safety Code is
2 amended to read:

3 50952. The agency shall also seek to attain all of the following
4 objectives:

5 (a) Acquisition of the maximum amount of funds available for
6 subsidies for the benefit of persons and families of low or moderate
7 income occupying units financed pursuant to this part.

8 (b) Housing developments providing a socially harmonious
9 environment by meeting the housing needs of both very low income
10 households and other persons and families of low or moderate
11 income and by avoidance of concentration of very low income
12 households that may lead to deterioration of a development.

13 (c) Emphasis on housing developments of superior design,
14 appropriate scale and amenities, and on sites convenient to areas
15 of employment, shopping, and public facilities.

16 (d) Increasing the range of housing choice for minorities in
17 lower income households and other lower income households,
18 rather than maintaining or increasing the impaction of low-income
19 areas, and cooperation in implementation of local and areawide
20 housing allocation plans adopted by cities, counties, and joint
21 powers entities made up of counties and cities.

22 (e) Reducing the cost of mortgage financing for rental and
23 cooperative housing to provide lower rent for persons and families
24 of low or moderate income.

25 (f) Reducing the cost of mortgage financing for home purchase,
26 in order to make homeownership feasible for persons and families
27 of low or moderate income.

28 (g) Identification of areas of low vacancy rates where
29 construction is needed, of areas of substandard housing where
30 rehabilitation is needed, and of areas of credit shortage where
31 financing is needed for transfer of existing housing, so as to
32 maximize the impact of financing activities on employment,

1 reduction of housing costs, and maintenance of local economic
2 activity.

3 (h) A balance between urban metropolitan, nonmetropolitan,
4 and rural metropolitan housing developments, and between family
5 housing and housing for the elderly and handicapped, in general
6 proportion to the needs identified in the California statewide
7 housing plan.

8 (i) Minimization of fees and profit allowances of housing
9 sponsors so far as consistent with acceptable performance, in order
10 to maximize the benefit to persons and families of low or moderate
11 income occupying units financed by the agency.

12 (j) Full utilization of federal subsidy assistance, *including, but*
13 *not limited to, loan guarantees backed by the United States*
14 *Department of Housing and Urban Development*, for the benefit
15 of persons and families of low or moderate income.

16 (k) Full cooperation and coordination with the local public
17 entities of the state in meeting the housing needs of cities, counties,
18 cities and counties, and Indian reservations and rancherias on a
19 level of government that is as close as possible to the people it
20 serves.

21 (l) Promoting the recovery and growth of economically
22 depressed business located in areas of minority concentration and
23 in mortgage-deficient areas.

24 (m) Revitalization of deteriorating and deteriorated urban areas
25 by attracting a full range of income groups to central-city areas to
26 provide economic integration with persons and families of low or
27 moderate income in those areas.

28 (n) Implementation of the goals, policies, and objectives of the
29 California Statewide Housing Plan.

30 (o) Location of housing in public transit corridors with high
31 levels of service.

32 (p) Reducing the cost of mortgage financing for rental housing
33 development in order to attract private and pension fund investment
34 in such developments.

35 (q) Reducing the cost of mortgage financing for second unit
36 rental housing, as defined by Section 65852.2 of the Government
37 Code, in order to make rental housing more affordable for elderly
38 persons and persons and families of low or moderate income.

39 SEC. 2. Section 50953 of the Health and Safety Code is
40 amended to read:

1 50953. No provision of this division shall be construed as a
2 restriction or limitation upon any powers which the agency or any
3 local public entity might otherwise have under any laws of this
4 state, and this part is cumulative with respect to these powers. This
5 division shall be deemed to provide a complete, additional, and
6 alternative method for doing the things authorized thereby, and
7 shall be regarded as supplemental and additional to powers
8 conferred by other laws. The issuance of bonds and refunding
9 bonds under this part need not comply with the requirements of
10 any other law applicable to the issuance of bonds, and in the
11 construction or acquisition of a housing development or a
12 residential structure pursuant to this division, the agency need not
13 comply with the requirements of any other law applicable to
14 construction or acquisition of public works, except as specifically
15 provided in this division. The agency shall adopt regulations for
16 review of construction contracts for the construction or
17 rehabilitation of housing developments and residential structures
18 financed, *or issued loan guarantees backed by the United States*
19 *Department of Housing and Urban Development*, under this
20 division and shall require that on construction of this housing which
21 is financed by a construction loan *or a loan guarantee* from the
22 agency, other than mutual self-help housing developments, all
23 workers employed in the construction, exclusive of maintenance
24 work, shall be paid not less than the general prevailing rate or per
25 diem wages for work of a similar character in the locality in which
26 the construction is performed, and not less than the prevailing rate
27 of per diem wages for holiday and overtime work. The agency
28 shall determine or require determination of the general prevailing
29 rate of per diem wages in accordance with the standards set forth
30 in Section 1773 of the Labor Code. Apprentices shall be employed
31 in the construction of housing developments in accordance with
32 the regulations of the agency, which shall impose the same
33 requirements as contained in Section 1777.5 of the Labor Code,
34 except as to differences necessitated by the methods of awarding
35 construction contracts for housing developments financed under
36 this division.

37 SEC. 3. Section 51050 of the Health and Safety Code is
38 amended to read:

39 51050. The agency shall have all of the following powers:

40 (a) To sue and be sued in its own name.

1 (b) To have an official seal and to alter the same at pleasure.

2 (c) To have perpetual succession.

3 (d) To maintain offices at any place or places within the state
4 which it may designate.

5 (e) To adopt, and from time to time amend and repeal, by action
6 of the board, either resolutions, or rules or regulations, not
7 inconsistent with this part, to carry into effect the powers and
8 purposes of the agency and the conduct of its business, except
9 where this part expressly requires the agency to act by rule or
10 regulation. If the agency acts by rule or regulation, the rule or
11 regulation shall be adopted, amended, repealed, and published in
12 accordance with Chapter 3.5 (commencing with Section 11340)
13 of Part 1 of Division 3 of Title 2 of the Government Code.

14 (f) Notwithstanding any other provision of law, to make and
15 execute contracts and all other instruments necessary or convenient
16 for the exercise of its powers and functions under this part with
17 any governmental agency, private corporation or other entity, or
18 individual, and to contract with any local public entity for
19 processing of any aspect of financing housing developments.
20 Contracts made or executed under the authority of this part shall
21 not be subject to any applicable provision of law requiring
22 competitive bidding or the supervision or approval of another
23 division or officer of state government.

24 (g) To acquire real or personal property, or any interest therein,
25 on either a temporary or long-term basis in its own name by gift,
26 purchase, transfer, foreclosure, a deed in lieu of foreclosure, lease,
27 option, or otherwise, including easements or other incorporeal
28 rights in property.

29 (h) To hold, sell, assign, lease, encumber, mortgage, or otherwise
30 dispose of any real or personal property or any interest therein; to
31 hold, sell, assign, or otherwise dispose of any mortgage interest
32 owned by it, under its control or custody, or in its possession; and,
33 as applicable, to do any of the acts specified in this subdivision by
34 public or private sale, with or without public bidding,
35 notwithstanding any other provision of law.

36 (i) To release or relinquish any right, title, claim, lien, interest,
37 easement, or demand however acquired, including any equity or
38 right of redemption in real property foreclosed by it or acquired
39 by it by a deed in lieu of foreclosure.

1 (j) To determine the terms and conditions of any mortgage
2 instrument, deed of trust, *loan guarantee*, or promissory note used
3 or executed in conjunction with the financing of any housing
4 development.

5 (k) To employ architects, engineers, attorneys, accountants,
6 housing construction and financial experts, and such other advisers,
7 consultants, and agents as may be necessary in its judgment and
8 to fix their compensation.

9 (l) To provide advice, technical information, and consultative
10 and technical service in connection with the financing of housing
11 developments pursuant to this part.

12 (m) Notwithstanding any other provision of law, to insure or
13 reinsure against any loss in connection with its property and other
14 assets, including mortgages and mortgage loans, in amounts, in
15 the manner, and from those insurers as it deems desirable.

16 (n) To establish, revise from time to time, and charge and collect
17 fees and charges in connection with loans made or insured by the
18 agency.

19 (o) To borrow money and issue bonds, as provided in this part.

20 (p) To enter agreements and perform acts as are necessary to
21 obtain and maintain federal housing subsidies, *including, but not*
22 *limited to, loan guarantees under Section 570 of Title 24 of the*
23 *Code of Federal Regulations* for use in connection with housing
24 developments.

25 (q) To provide bilingual staff and make available agency
26 publications in a language, other than English, where necessary
27 to effectively serve all groups for which those services or
28 publications are made available.

29 (r) To require any individual, corporation, or other legal entity
30 operating, managing, or providing maintenance services for a
31 housing development or a residential structure to maintain a current
32 certificate of qualification developed and approved by the agency.

33 (s) To do any and all things necessary to carry out its purposes
34 and exercise the powers expressly granted by this part.

35 SEC. 4. Section 51051 of the Health and Safety Code is
36 amended to read:

37 51051. The agency shall be a state representative for purposes
38 of receiving and allocating financial aid and contributions from
39 agencies of the federal government which are provided to the state
40 or to the agency for the purpose of subsidizing housing for persons

1 and families of low or moderate income and may utilize federal
2 subsidies available to it in providing housing for persons and
3 families of low or moderate income, *or to issue loan guarantees*
4 *by the United States Department of Housing and Urban*
5 *Development*, or for exercising any other of its powers. The agency
6 shall have priority among all other units of state government for
7 receipt of federal housing subsidies to the extent units financed
8 under this part are eligible for such assistance.

9 SEC. 5. Section 51055 of the Health and Safety Code is
10 amended to read:

11 51055. The agency may purchase and sell construction loans,
12 mortgage loans, property improvement loans, obligations secured
13 by these loans, insurance on these loans, *loans guaranteed by the*
14 *United States Department of Housing and Urban Development*,
15 and participation therein.

16 SEC. 6. Section 51059 of the Health and Safety Code is
17 amended to read:

18 51059. The agency may procure insurance or coinsurance or
19 guarantees *or be granted loan guarantees* from the federal
20 government or from any governmental agency or instrumentality
21 thereof, or from any private insurance company, of the payment
22 of principal, redemption price of, and interest on any bonds issued
23 by the agency. The agency may pay premiums on any such
24 insurance.

25 SEC. 7. Section 51065 of the Health and Safety Code is
26 amended to read:

27 51065. The agency may make grants *or loan guarantees* to
28 nonprofit housing sponsors and local public entities to meet
29 expenses incurred in planning, constructing, rehabilitating, or
30 managing housing developments. The agency may make grants
31 *or loan guarantees* to housing sponsors for the purpose of lowering
32 the rents on some or all of the units within a housing development.
33 Grants authorized by this section shall not be made with proceeds
34 from the sale of bonds. *Loan guarantee assistance provided by*
35 *the United States Department of Housing and Urban Development*
36 *shall be allocated by and in conjunction with the award of a tax*
37 *credit for low-income rental housing by the California Tax Credit*
38 *Allocation Committee.*